



THE INFLUENCE OF FINANCIAL LITERACY, LOCUS OF CONTROL AND E-MONEY ON CONSUMPTIVE BEHAVIOR OF GENERATION Z IN MOJOKERTO DISTRICT

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ABSTRACT

The purpose of this research is to determine the effect of product quality and service quality on purchasing decisions through purchase intention as an intervening variable in UMKM Batik Cempaka. The method used in this study is a quantitative method with descriptive analysis based on primary data obtained from questionnaires and secondary data obtained from related parties, interviews, books and journals, etc. This research was conducted by distributing questionnaires to respondents. The population in this study were consumers of UMKM Batik Cempaka, with 110 samples used in this study. The sampling technique used was by using a sampling technique.purposive sampling. The results showed that product quality had a significant positive effect on the buying interest of UMKM Batik Cempaka consumers. Then, the quality of service has a significant positive effect on the buying interest of UMKM Batik Cempaka consumers. Purchase intention has a significant positive effect on purchasing decisions. And there is a significant positive effect between product quality and service quality on purchasing decisions through the buying interest of UMKM Batik Cempaka consumers.

1. INTRODUCTION

MSMEs are small businesses owned and managed by one person or small group with a certain amount of wealth and income. Micro, small and medium enterprises (MSMEs) are the largest economic sector in the Indonesian economy and are the key to protecting the national economy in times of economic crisis. According to Wilantara & Susilawati (2016: 20) MSMEs are a national vehicle that seeks to develop and build the national economy by attracting as many economic actors as possible according to their potential in the world in a fair manner for all stakeholders. The changes and improvements that have occurred in Indonesia's macro-level economy have created opportunities for company operators (Hartono, Toto Heru Dwiwandoko, 2023). Increasingly fierce competition continues to hit businesses today. Innovation to increase their market share. Companies that wish to survive in the industry, need to implement such impressive and effective marketing strategies. Machmoedz (2014). UMKM Batik Cempaka is a business entity that sells batik cloth. When making decisions to purchase batik cloth, consumers always consider the quality of the product from one business entity to another. However, Cempaka Batik MSMEs have made a strategy regarding product quality by increasing product quality excellence, such as unique and diverse motifs, good quality fabric, and batik colors that do not fade easily. Apart from prioritizing product quality, Cempaka Batik MSMEs also create a strategy to provide quality service that can attract consumers to buy batik cloth. Efforts are made in service quality strategies such as providing friendly service, responsive service, and maintaining the cleanliness of the boutique.

Product quality and service quality are important points in attracting consumers' interest in making purchases (Nersiwad, 2021) A business entity is expected to be able to provide the best strategy in this matter. However, in Cempaka Batik MSMEs there are several shortcomings that might reduce consumers' purchasing decisions, namely the lack of product development produced by Cempaka Batik MSMEs. This

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might have an effect on increasing sales of Cempaka Batik MSME products. Apart from that, the management and service at the Batik Cempaka boutique is felt to be inadequate in serving consumers.

Product quality is the product's ability to channel functionality and usability both materially and immaterially to meet consumer needs and desires both in terms of health and comfort (Hartono, 2018). The ability of an item to provide better results or performance, even exceeding what customers want, is known as product quality, according to Kotler and Keller (2016: 143). According to Septiawati, E. (2017), product quality indicators explain several indicators as follows: fashionable product design, Quality of materials from the product, Strength and neatness of product seams, Product durability and Attractive product packaging.

According to Paul J. Peter and Jerry C. Oleson in Sujarweni (2015) Service is the seller's behavior towards consumers by providing service and satisfaction to consumers, this is so that consumers feel appreciated and get goods and services according to what they want. Service is the seller's behavior towards consumers by providing service and satisfaction to consumers. Service quality indicators according to Septiawati, E. (2017) explain that service quality indicators are as follows: Neat appearance and ready to serve customers who come, Serve quickly and responsively, Serve in a friendly and polite manner, Describe the product well and clearly, Reliability and Equipment and facilities for serving consumers. According to Kotler (2006:75) purchasing decisions are steps in the buyer's decision-making process that consumers will actually buy. According to Swastha (2002:25), purchasing decisions are defined as specific actions and are actions that include decisions about product type, brand, price, quantity, time of purchase, and payment method. Purchasing decision indicators according to Tjiptono (2012:184) are as follows: product Selection, selection of Distributor, Purchase Amount and Time of Purchase.

Purchase interest is related to feelings and emotions, if one feels happy and satisfied when purchasing goods or services, it strengthens the intention to purchase (Hartono et al., 2020), dissatisfaction usually disappears from the object of interest. Consumer interest in buying is a very important phenomenon in marketing activities, namely buying interest. Consumer behavior is the basis for purchasing decisions about what to do (Swastha and Irawan in Hendra Fure's research 2013). Buying interest indicators: Several indicators are used to measure someone's buying interest. According to Schiffman and Kanuk (2008:470-473), buying interest indicators are explained by several components, namely: Interested in finding information about products, Consider purchasing, Interested in trying, Want to know the product and Want to have a product

2. METHODS

This research is quantitative research with descriptive analysis based on primary data obtained from questionnaires and secondary data obtained from related parties, interviews, books and journals, etc. This research was carried out by distributing questionnaires to respondents. The population in this research is Cempaka Batik MSME consumers, with the sample used in this research totaling 110. The sampling technique used was purposive sampling technique. The scale measurement in this research is using a Likert scale with a distribution technique via Google Form. At the data analysis stage, SmartPLS software was used, while for testing, the Partial Last Square (PLS) based Structural Equation Model (SEM) approach was used.

3. RESULTS AND DISCUSSIONS

Results

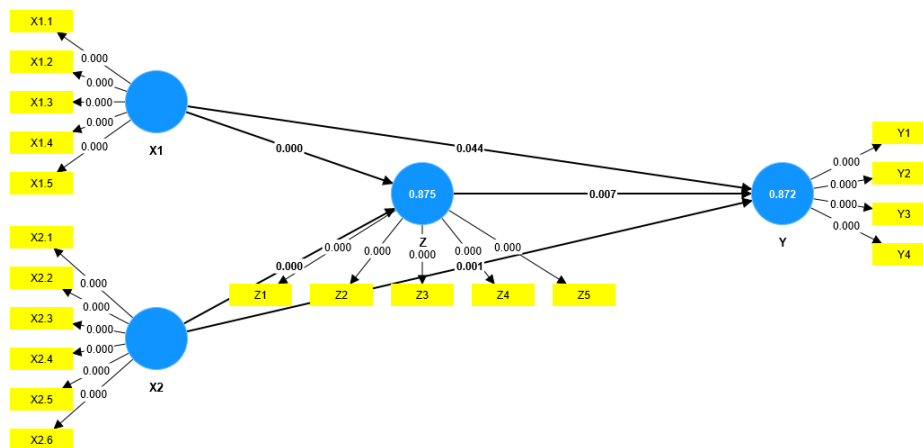


Figure 1 Structural Model

- a. Hypothesis H1 (It is suspected that product quality has a significant effect on purchasing interest). Based on the table above, it can be seen that the T-statistic value is 4.396 which is > 1.982 and the P-value is $0.000 < 0.05$. It can be stated that product quality has a significant influence on consumer buying interest in batik at Cempaka Batik MSMEs. Thus it can be concluded that hypothesis H1 is accepted.
- b. Hypothesis H2 (It is suspected that service quality has a significant effect on purchase intention). Based on the table above, it can be seen that the T-statistic value is 7.014 which is > 1.982 and the P-value is $0.000 < 0.05$. It can be stated that service quality has a significant effect on consumer buying interest in batik at Cempaka Batik MSMEs. Thus it can be concluded that hypothesis H2 is accepted.
- c. Hypothesis H3 (It is suspected that purchasing interest has a significant influence on purchasing decisions). Based on the table above, it can be seen that the T-statistic value is 2,683 which is > 1.982 and the P-value is $0.007 < 0.05$. It can be stated that buying interest has a significant influence on batik consumer purchasing decisions at Cempaka Batik MSMEs. Thus it can be concluded that hypothesis H3 is accepted.
- d. Hypothesis H4 (It is suspected that product quality influences purchasing decisions through purchase interest in Cempaka batik). Based on the table above, it can be seen that the T-statistic value is 2,406 which is > 1.982 and the P-value is $0.016 < 0.05$. This can be stated that product quality has a significant influence on purchasing decisions through purchasing interest. Thus it can be concluded that hypothesis H4 is accepted.
- e. Hypothesis H5 (It is suspected that service quality influences purchasing decisions through purchase interest in Cempaka batik). Based on the table above, it can be seen that the T-statistic value is 2,382 which is > 1.982 and the P-value is $0.017 < 0.05$. This can be stated that product quality has a significant influence on purchasing decisions through purchasing interest. Thus it can be concluded that hypothesis H4 is accepted.

Discussion

The Relationship Between Product Quality And Purchasing Interest

Based on the inner path analysis model, it can be seen from the path coefficient values with p-values of $0.000 < 0.05$ and t-statistics of $4.396 > 1.982$. And the original sample value (O) shows a positive value, namely 0.371, which indicates a positive direction. This shows that product quality (X1) has a significant positive effect on purchasing interest (Z). This is in accordance with the sale of batik to Batik Bempaka MSMEs, the products produced by Cempaka Batik MSMEs have unique motifs and a variety of good quality fabrics and batik colors that do not fade easily with the aim of attracting consumer buying interest.

The Relationship Between Service Quality And Purchasing Interest

Based on the inner path analysis model, it can be seen from the path coefficient values with p-values of $0.000 < 0.05$ and t-statistics of $7.014 > 1.985$. And the original sample value (O) shows a positive value, namely 0.584, which indicates a positive direction. This shows that service quality (X2) has a significant positive effect on purchasing interest (Z). From the results above, it can be seen that service quality influences consumer buying interest in Cempaka Batik MSMEs. MSME Batik Cempaka has good service in terms of complete facilities and politeness of employees towards customers.

The Relationship Between Purchasing Interest And Purchasing Decisions

Based on the inner path analysis model, it can be seen from the path coefficient values with p-values of $0.007 < 0.05$ and t-statistics of $2.683 > 1.982$. And the original sample value (O) shows a positive value, namely 0.281, which indicates a positive direction. This shows that buying interest (Z) has a significant positive effect on purchasing decisions (Z). Consumer purchasing interest plays an important role in purchasing decisions. Large and good consumer buying interest will increase and increase the level of marketing around the Cempaka Batik MSME environment. The results of this research state that purchasing interest has a significant influence on purchasing decisions for Cempaka Batik MSMEs.

The Relationship Between Product Quality and Purchasing Decisions Through Purchasing Interest

Based on the inner path analysis model, it can be seen from the path coefficient values with p-values of $0.016 < 0.05$ and t-statistics of $2.406 > 1.985$. And the original sample value (O) shows a positive value, namely 0.105, which indicates a positive direction. This shows that product quality (X1) has a significant positive effect on purchasing decisions (Y) through purchasing interest (Z). The product quality at Cempaka Batik MSMEs has unique and varied motifs, good quality fabric and batik colors that do not fade easily, further influencing consumer purchasing decisions.

The Relationship Between Service Quality And Purchasing Decisions Through Purchase Intention

Based on the inner path analysis model, it can be seen from the value of the path coefficient with p-values of $0.017 < 0.05$ and t-statistics of $2.382 > 1.982$. And the original sample value (O) shows a positive value, namely 0.157 which indicates a positive direction. This shows that service quality (X2) has a significant effect on purchasing decisions (Y) through purchasing interest (Z). Service quality influences purchasing decisions through purchase interest, in this case service quality such as employee politeness in dealing with consumers and the complete facilities owned by Cempaka Batik MSMEs.

4. CONCLUSION

Based on the formulation of the problem and research objectives as well as the results of the research or results of data analysis and discussions that have been carried out, it can be concluded as follows: There is a significant influence of product quality on the buying interest of MSME Cempaka batik consumers as can be seen from the diverse motifs of Cempaka batik and the color of the fabric is not easy. fade. There is a significant influence of service quality on the buying interest of Cempaka batik MSME consumers which can be seen from the good and polite service quality of Cempaka batik and complete facilities. There is a significant influence of buying interest on the purchasing decisions of Cempaka batik MSME consumers. There is a significant influence of product quality on purchasing decisions through purchase interest. There is a significant influence of service quality on purchasing decisions through purchase interest.

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